



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

ADVISORY LETTER 2021-05

TO: ALL PRODUCERS LICENSED AND APPOINTED IN LOUISIANA
FROM: JAMES J. DONELON, COMMISSIONER
RE: THE INSURANCE PROCUREMENT PROCESS, INCLUDING THE SOLICITATION, NEGOTIATION, SALE, AND MAKING OF APPLICATIONS, MAY ONLY BE CARRIED OUT BY DULY LICENSED PRODUCERS
DATE: AUGUST 16, 2021

Advisory Letter 2021-05 is hereby issued for the purpose of providing industry guidance and strict instruction that only duly licensed insurance producers are authorized to sell, solicit, make an application for, procure, negotiate for, or place for others, insurance coverage in Louisiana as required by the Louisiana Insurance Code (Title 22 of the Louisiana Revised Statutes).

Specifically, La. R.S. 22:1543, states:

- A. No person shall act as or hold himself out to be an insurance producer unless licensed by the Department of Insurance.
- B. No insurance producer shall sell, solicit, make an application for, procure, negotiate for, or place for others, any policies for any lines of insurance as to which he is not then qualified and duly licensed in this state.

Paragraph (8) of La. R.S. 22:1542 provides the following definition for the term "license":

'License' shall mean a document issued by this state's commissioner of insurance authorizing a person to act as an insurance producer for the lines of authority specified in the document. The license itself does not create any authority, actual, apparent, or inherent, in the holder to represent or commit an insurance carrier.

Additionally, La. R.S. 22:1542 includes the following definitions for the terms "negotiate," "sell," and "solicit," respectively:

(14) 'Negotiate' shall mean to confer directly with or to offer advice directly to a purchaser, certificate holder, or enrollee, or prospective purchaser, certificate holder, or enrollee, of a particular contract of insurance, including certificates, riders, endorsements, or amendments, concerning any of the benefits, terms, or conditions of the contract if the person engaged in that act is an insurance producer who either sells insurance or obtains insurance from insurers for purchasers, certificate holders, or enrollees.

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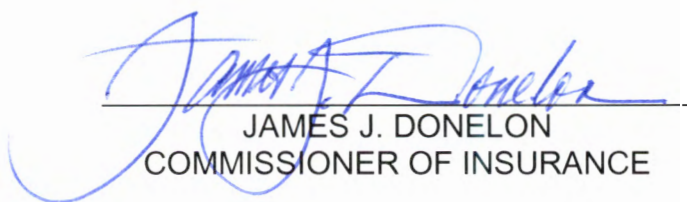
(16) 'Sell' shall mean to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurer.

(17) 'Solicit' shall mean to attempt to sell insurance or to ask or urge a person to apply for a particular kind of insurance from a particular insurer.

Determining coverage types and levels and potential endorsement options are the exclusive responsibility of a licensed producer. Such acts may not be performed by any person who is not licensed as a producer, regardless of whether the unlicensed individual is involved in one or more non-insurance related aspects that may influence the insurance procurement process. Furthermore, a producer who knowingly accepts insurance business from a person who is not licensed as a producer but actually performing the functions of solicitation, negotiation, sale and/or making of applications may be subject to regulatory action pursuant to La. R.S. 22:1554(A)(11).

If there are any questions regarding Advisory Letter 2021-05, please contact the Deputy Commissioner of the Office of Licensing electronically at public@ldi.la.gov.

Baton Rouge, Louisiana this 16th day of August 2021.



JAMES J. DONELON
COMMISSIONER OF INSURANCE